Types of Customs Duties and Taxes on Importing Goods Into The UK

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Duties and Taxes: Importing Goods Into UK

When goods cross international borders, they are subject to **customs duties**. In order to maintain the local businesses, economies, and industries, the local governments created special agencies and authorities to impose customs duties. Furthermore, depending on the place of origin, different products are subject to different **customs taxes**.

In this article, you will learn about different types of duties and taxes, as well as the principles upon which they are calculated.

Tax and Duties on Importing Goods

The words “taxes” and “duties” are frequently used when it comes to shipping. So, first, it’s important to learn what they generally mean.

Customs collect duties as a type of tax on extraterritorial items in order to fund its activities and protect the local economy.

Types of duties: Anti-dumping taxes, trade tariffs, export duties, and excise duties are all common examples of duties. These are the most common forms of import duties that apply to goods entering a country.

Who pays duties? Most of these are paid by the importer.

Let’s learn about the different types of duties one by one.

Import Tariff

A tariff is a specific type duty levied on imported goods. A tariff is a fee imposed on some commodities entering the country, typically to restrict the import of particular goods (this is generally done with the aim of giving further protection to specific local industries).

Furthermore, the majority of imports are subject to duties. Importers can establish whether duties and customs are relevant for shipments by correctly classifying them using classification systems such as HS and HTS. So, tariffs are specific taxes levied on imports that fit into a certain category.

Anti-dumping duties

These duties are meant to protect local industries from import. Anti-dumping duties are often levied to cover the cost associated with “dumping.”

Taxes: These are levied by the government on the purchase of imported products. Even when the items were purchased outside of the country. The consumption tax is still applies, and customs must collect it when goods enter the country.

Types of taxes: Although sales tax, value-added tax (VAT), goods and services tax (GST) are all basically the same thing, the names and rates vary per country. So, depending on the country and product, tax rates can be as low as 0%, as high as 10%, or as high as 20%.

Value-added Tax (VAT)

It is a type of sales tax levied by the government on all goods and services sold inside a country. The technical assessments are made at every stage of production, distribution, and end-user sales.

Additionally, one of the total costs that must be paid on imported goods is the VAT, which goes into the total landed cost when importing into a country.

What is the customs duty and VAT on imported goods in the UK?

Customs Duty

Customs duties are imposed on commodities when they across the international borders. It is a charge placed on your imports and exports.

The government uses this obligation to increase tax revenue, protect domestic industries, and control product movement. The place where the goods were made and their materials determine the rate of customs duties.

VAT
Goods that are presents and cost £39 or less do not have VAT applied. It applies to any type of shipment coming from:

- EU to Northern Ireland
- The UK to Great Britain

The final payment is made at the time of purchase or at the time of delivery. However, the overall package value will be used to determine how much VAT you must pay to the delivery service, which includes the following:

- Value of the goods
- packaging, postage, and insurance
- any duty that you owe
- VAT is levied at the VAT rate that applies to your goods

What are duties and taxes based on?

Several factors influence the amount of customs duties and taxes you must pay for a shipment:

HS Code: The product type is classified using the HS code. Customs officials use this commodity code to quickly identify the goods and to apply any applicable taxes and duties.

Value of the Products: Customs uses the value of the goods, including freight and insurance costs, to calculate duties and taxes and clear your shipment. As a result, it's important to provide the exact amount on the commercial invoice

Goods Description & Category: The goods description of the commercial invoice, which includes the product's end-use and manufacturing country. And, to guarantee that the products are correctly categorised, the HS code and the product description must match.

International Trade Agreements: Trade agreements between countries may have an impact on the amount of taxes and levies applied to a shipment. If you're transporting goods between countries that have a trade agreement, you might be able to get them duty-free or at a discounted rate.

What are some other costs to keep in mind?

It's important to have proper information about a shipment's total costs when transporting items internationally. Also, there may be additional charges associated with your shipping, such as:

Carrier fees: These are the costs of transporting your goods from point A to point B. Many of the below-listed services are ones that carriers can offer, allowing for the charging of all duties, taxes, and other fees in addition to the carrier fees.

Broker fees: The cost of clearing goods through customs with the help of a customs broker. Brokers frequently pay duties and taxes on behalf of the receiver and then charge the receiver for them along with their commission. Customs brokers are frequently

provided by carriers as part of their shipping services.

Surcharges and ancillary fees: These are the additional carrier expenses for items that are not subject to standard shipping and handling procedures, such as risky goods and temporary imports.

Insurance: To protect your goods in the event that they get lost or damaged during the transportation. This is accessible through your carrier or separating.

How to refund VAT and Duty?

After you've made your declaration, you may be able to request a refund if:

- Your products are lost, before they reach the UK
- You make a mistake when you work out your duty

To get a refund, you must apply for a refund within:

- 3 years of making the overpayment of customs duty or VAT on imports
- You have 12 months to claim the duty you paid on damaged or defective items.
- 3 years if you do not travel after filing a declaration.

If you're a VAT-registered business, you'll need to claim import VAT on your VAT return.

Looking for the best customs clearance service near you?

Customs clearance is a convoluted process. It can result in hefty fines and delays if not carried out appropriately. **ClearCustoms** knows this very well and is here to assist in all aspects of **customs clearance** of your goods. Our best-in-class **solution** will efficiently streamline your customs-related activities across the borders.

What services do we offer?

ClearCustoms delivers a comprehensive **customs clearance** service for import and export shipments. Furthermore, our specialists have an in-depth understanding of UK trade regulations and provide you assistance on all customs-related matters across the following areas:

- **Import and export customs clearance for UK**
- **Electronic import filing for UK**
- **Electronic export filing for UK**
- **VAT, duties & tax calculations**

Why choose ClearCustoms?

The well-trained and highly skilled **customs brokers** will guide you through the entire customs process. Hence, they ensure you have all the correct documentation for quick and hassle-free **customs declaration**.